

# **Washington State Auditor's Office**

## **Audit Report**

### **Audit Services**

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Report No. 57786

#### **CITY OF WAPATO**

Yakima County, Washington

January 1, 1995 Through December 31, 1995

Issue Date: October 18, 1996

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**CITY OF WAPATO**  
**Yakima County, Washington**  
**January 1, 1995 Through December 31, 1995**

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**Independent Auditor's Report On Compliance With Laws And Regulations  
At The Financial Statement Level (Plus Additional State Compliance  
Requirements Per RCW 43.09.260)**

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Mayor  
City of Wapato  
Wapato, Washington

We have audited the financial statements, as listed in the table of contents, of the City of Wapato, Yakima County, Washington, as of and for the fiscal year ended December 31, 1995, and have issued our report thereon dated July 26, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts, and grants applicable to the City of Wapato is the responsibility of the city's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the city's compliance with certain provisions of laws, regulations, contracts, and grants.

We also performed additional tests of compliance with state laws and regulations as required by *Revised Code of Washington (RCW) 43.09.260*. This statute requires the State Auditor to inquire as to whether the city complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office. Our responsibility is to examine, on a test basis, evidence about the city's compliance with those requirements and to make a reasonable effort to identify any instances of misfeasance, malfeasance, or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the city and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of material noncompliance that are required to be reported herein under *Government Auditing Standards*. However, we noted instances of noncompliance immaterial to the financial statements which are identified in the Schedule of Findings accompanying this report.

This report is intended for the information of management and the mayor and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag  
State Auditor

July 26, 1996

**CITY OF WAPATO**  
**Yakima County, Washington**  
**January 1, 1995 Through December 31, 1995**

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**Independent Auditor's Report On Internal Control Structure**  
**At The Financial Statement Level**

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Mayor  
City of Wapato  
Wapato, Washington

We have audited the financial statements of the City of Wapato, Yakima County, Washington, as of and for the fiscal year ended December 31, 1995, and have issued our report thereon dated July 26, 1996.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the city is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the prescribed basis of accounting. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of the city, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The matters involving the internal

control structure and its operation that we consider to be reportable conditions are included in the Schedule of Findings accompanying this report.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, we believe none of the reportable conditions described in the Schedule of Findings is a material weakness.

This report is intended for the information of management and the mayor and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag  
State Auditor

July 26, 1996

**CITY OF WAPATO**  
**Yakima County, Washington**  
**January 1, 1995 Through December 31, 1995**

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**Schedule Of Findings**

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1. The City Council Should Take Immediate Action To Resolve Material Internal Accounting Control Weaknesses

During our audit of the city's internal accounting control systems we noted the following weaknesses:

Cash Receipts:

- a. The city allows more than one cashier to operate out of the same cash drawer. This eliminates individual cashier accountability over receipts. Each cashier should have access to only one cash drawer.
- b. Cash drawers are not secured in an open vault during operating hours. The city's vault is left open during operating hours because many city employees need access to information and items stored in the city vault. The city should secure locations for cash drawers during periods of time the vault is left open and accessible to city personnel.
- c. The utility clerk who is receipting the daily revenue is also responsible for recording the transactions to the accounting records and preparing the daily deposits. The city should segregate the duties of receipting, recording, and depositing where possible or institute monitoring of these responsibilities to reduce the risk of errors or irregularities.
- d. Cash drawers located in the utility department are not being reconciled by recording the mode of payment received (cash or check) on the daily revenues. Reconciling by mode of payment gives greater assurance that cash collected is accounted for and deposited timely.

Cash Disbursements:

- a. There is no supervisory review of the numerical integrity of treasurer checks issued by the city clerk.
- b. The city requires only one signer on treasurer checks. In order for the city to better protect itself against the risk of misappropriation, the city should require two check signers.
- c. Some operating expenditures were paid by treasurer checks instead of by warrant through the city's vouchers system. Treasurer checks are not authorized for use in paying operating expenses of the city.

Vouchers:

- a. The city has not established a formal policy for use of the city's credit cards. Credit policy should be established to safeguard public assets and ensure management directives are followed.
- b. Several expenditures did not contain evidence of authorization and did not have proper supporting documentation to demonstrate the services were for legitimate city purposes or whether the services were actually received by the city.

Payroll:

- a. The payroll rates in the city's approved salary ordinance did not agree with those in the approved union contracts. Our payroll tests also revealed that many city employees were not paid in accordance with either the union contract or the salary ordinance, although the differences were minor. City officials stated they believed that employees covered under the union contract should have been paid per that contract and all other employees should have been paid per the salary ordinance. City officials should ensure the union contracts and salary ordinance are in agreement and the correct salary rates are paid to city employees.
- b. The city does not have a formal personnel policy that outlines payment of overtime and compensatory time. As a result, we were unable to determine whether the overtime and compensatory time earned by employees were in accordance with management's direction. City officials should establish personnel policies in this area.

Billings:

- a. The city is not charging utility customers according to the approved utility rate ordinance. Residential users are being charged slightly more per month for sewer than the authorized rates and commercial customers are being charged slightly less than the authorized rates. The city should ensure all customers are being charged at the authorized rates.
- b. Customer billing disputes are reviewed and adjusted by the city employees directly associated with the utility billings. Disputes and adjustments resolution should be segregated from the billings and payment receipting functions. Any adjustments should be reviewed and approved by management.
- c. The city does not periodically reconcile utility deposits on account with the accounting records. The city should reconcile all bank accounts to accounting records on a monthly basis in order to detect errors or irregularities in a timely manner.

Journal Entries:

There is no supervisory review of the adjusting journal entries posted by the city clerk to the accounting records. Supervisory review is necessary to ensure the integrity of adjustments made to the accounting records.



The American Institute of Certified Public Accountants (AICPA) *Statement of Auditing Standards*, Section 319.69(2) states:

Establishing and maintaining an internal control structure is an important management responsibility. In establishing specific internal control structure policies and procedures . . . some of the specific objectives management may wish to consider include the following:

- a. Transactions are executed in accordance with management's general and specific authorization.
- b. Transactions are recorded as necessary (1) to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements and (2) to maintain accountability for assets.
- c. Access to assets is permitted only in accordance with management's authorizations.
- d. The recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to differences.

Due to the internal control weaknesses noted above: (1) management may not be obtaining accurate and complete information to make informed operating decisions, (2) the 1995 audit costs were higher because of increased audit risk, and (3) the possibility of errors and irregularities occurring and not being detected in a timely manner is significantly greater.

The new mayor and city clerk have begun implementing internal accounting controls. We recommend they continue these practices to allow them to meet statutory accounting and reporting requirements in an accurate and timely manner. In addition, we also recommend the city officials take action to implement and monitor internal accounting control policies and procedures.

Auditee's Response

*The City agrees with this finding and has corrected most issues stated, and will have the remaining issues corrected by December 31, 1996.*

2. Controls Over The Disposition Of Property In The Police Department Should Be Implemented

The police department routinely disposes of property room evidence before receiving the court order for disposition.

RCW 63.32.010 states in part:

. . . after sixty days from date when said case has been finally disposed of and said property released as evidence by order of the court, said city may:

- (1) At any time thereafter sell said personal property . . .

- (2) Retain the property for the use of the police department . . .
- (3) Destroy an item of personal property . . . . (Emphasis ours.)

City officials were unaware the police department was not complying with the above requirement.

Improper disposition of evidence could severely impair the judicial process and cost the owners and taxpayers unnecessary losses.

We recommend city officials ensure the police department comply with the above regulation. We also recommend the city institute a monitoring system to review departmental operations for compliance with applicable laws and regulations.

Auditee's Response

*Immediate procedures have been taken to correct this issue, and will be fully implemented by December 31, 1996.*

3. The City Of Wapato Should Comply With Budget Requirements

During our audit of the City of Wapato, we noted several deficiencies in the budget process.

- a. The council did not approve budgets for all funds that the *Budgeting, Accounting, Reporting System* (BARS) manual requires. The following funds were not budgeted as required.

105 - Fire Truck  
108 - Drug Buy  
125 - State Police

BARS Volume 2, Part 3, Chapter 1, page 7-10 states in part:

1. Normally all general (current expense), special revenue, and proprietary funds of local governments must have annual appropriated budgets . . .
2. Normally debt service and capital project budget requirements are met by the continuing appropriation contained in the enabling ordinance or resolution. These funds do not need annual budgets.

- b. The city council approved budget amendments after they overspent the fund. This condition was reported in the 1991, 1993, and 1994 audit reports. The following funds incurred expenditures greater than final budget amendments:

<u>Fund</u>	<u>Actual</u> <u>Expenditures</u>	<u>Budgeted</u> <u>Expenditures</u>	<u>Amounts in</u> <u>Excess of</u> <u>Budget</u>
Sewer	\$362,044	\$349,343	\$12,701
Library	28,039	27,621	418
Park	25,071	18,300	6,771

RCW 35.33.125 states in part:

The clerk shall issue no warrant and the city council or other authorized person shall approve no claim for an expenditure in excess of the total amount appropriated for any individual fund, except upon order of a court of competent jurisdiction or for emergencies as provided in this chapter.

- c. The original budget and the amendments thereto were not always accurately reported in the accounting records as approved.

RCW 35.33.041 states in part:

All estimates of receipts and expenditures for the ensuing year shall be fully detailed in the annual budget and shall be classified and segregated according to a standard classification of accounts adopted and prescribed by the state auditor . . . .

Failure of the city to monitor and amend budgets in a timely manner is contrary to statutory requirements cited and hinders the management of public resources.

The conditions listed above occurred because the city officials did not monitor the financial reports and amend the budgets in a proper and timely manner.

We recommend the city develop and implement a system of budget controls that will ensure compliance with budgetary requirements.

*Auditee's Response*

*The City will comply with this issue by preparation of a full Budget Amendment for 1996, as well as procedures recently adopted regarding internal budget control. The adopted 1997 Budget will completely resolve this issue for the future.*

*Auditor's Concluding Remarks*

We wish to thank city officials and staff for their cooperation and quick response to our recommendations. We believe the corrective course of action taken by the city will have positive results on future operations.

**CITY OF WAPATO**  
**Yakima County, Washington**  
**January 1, 1995 Through December 31, 1995**

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**Independent Auditor's Report On Financial Statements And Additional  
Information**

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Mayor  
City of Wapato  
Wapato, Washington

We have audited the accompanying statements of Fund Resources and Uses Arising from Cash Transactions of the various funds of the City of Wapato, Yakima County, Washington, for the fiscal year ended December 31, 1995. These financial statements are the responsibility of the city's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1 to the financial statements, the city prepares its financial statements on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System (BARS)* manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the recognized revenues and expenditures of the funds of the City of Wapato for the fiscal year ended December 31, 1995, on the cash basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Long-Term Debt and Schedule of State Financial Assistance are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued a report dated July 26, 1996, on our consideration of the city's internal control structure and a report dated July 26, 1996, on its compliance with laws and regulations.

Brian Sonntag  
State Auditor

July 26, 1996

**CITY OF WAPATO**  
**Yakima County, Washington**  
**January 1, 1995 Through December 31, 1995**

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**Independent Auditor's Report On Supplementary Information**  
**Schedule Of Federal Financial Assistance**

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Mayor  
City of Wapato  
Wapato, Washington

We have audited the financial statements of the City of Wapato, Yakima County, Washington, as of and for the fiscal year ended December 31, 1995, and have issued our report thereon dated July 26, 1996. These financial statements are the responsibility of the city's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the City of Wapato taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in the schedule has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Brian Sonntag  
State Auditor

July 26, 1996

**CITY OF WAPATO**  
**Yakima County, Washington**  
**January 1, 1995 Through December 31, 1995**

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**Independent Auditor's Report On Compliance With The General Requirements  
Applicable To Federal Financial Assistance Programs**

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Mayor  
City of Wapato  
Wapato, Washington

We have audited the financial statements of the City of Wapato, Yakima County, Washington, as of and for the fiscal year ended December 31, 1995, and have issued our report thereon dated July 26, 1996.

We have applied procedures to test the city's compliance with the following requirements applicable to its federal financial assistance programs, which are identified in the Schedule of Federal Financial Assistance, for the fiscal year ended December 31, 1995:

- Political activity
- Civil rights
- Cash management
- Federal financial reports
- Allowable costs/cost principles

The following requirements were determined to be not applicable to its federal financial assistance programs:

- Davis-Bacon Act
- Relocation assistance and real property acquisition
- Drug-Free Workplace Act
- Administrative requirements, including subrecipient monitoring

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's (OMB) *Compliance Supplement for Single Audits of State and Local Governments* or alternative procedures. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the city's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the city had not complied, in all material respects, with those requirements.

This report is intended for the information of management and the mayor and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also

serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag  
State Auditor

July 26, 1996



**CITY OF WAPATO**  
**Yakima County, Washington**  
**January 1, 1995 Through December 31, 1995**

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**Independent Auditor's Report On Compliance With Specific Requirements**  
**Applicable To Major Federal Financial Assistance Programs**

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Mayor  
City of Wapato  
Wapato, Washington

We have audited the financial statements of the City of Wapato, Yakima County, Washington, as of and for the fiscal year ended December 31, 1995, and have issued our report thereon dated July 26, 1996.

We also have audited the city's compliance with the requirements applicable to its major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the fiscal year ended December 31, 1995. Those requirements include special tests and provisions related to environmental reviews and request for release of funds as described in the OMB *Compliance Supplement for Single Audits of State and Local Governments*.

The management of the city is responsible for the city's compliance with those requirements. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit of compliance with those requirements in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the city's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the City of Wapato complied, in all material respects, with the requirements referred to in the second paragraph of this report that are applicable to its major federal financial assistance program for the fiscal year ended December 31, 1995.

This report is intended for the information of management and the mayor and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag  
State Auditor

July 26, 1996

**CITY OF WAPATO**  
**Yakima County, Washington**  
**January 1, 1995 Through December 31, 1995**

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**Independent Auditor's Report On Internal Control Structure Used In  
Administering Federal Financial Assistance Programs**

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Mayor  
City of Wapato  
Wapato, Washington

We have audited the financial statements of the City of Wapato, Yakima County, Washington, as of and for the fiscal year ended December 31, 1995, and have issued our report thereon dated July 26, 1996. We have also audited their compliance with requirements applicable to major federal financial assistance programs and have issued our report thereon dated July 26, 1996.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and about whether the city complied with laws and regulations, noncompliance with which would be material to a major federal financial assistance program.

In planning and performing our audit, we considered the city's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and on compliance with requirements applicable to major federal assistance programs and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated July 26, 1996.

The management of the city is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that:

- Assets are safeguarded against loss from unauthorized use or disposition.
- Transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the prescribed basis of accounting.

- Federal financial assistance programs are managed in compliance with applicable laws and regulations.

Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- **Accounting Controls**
  - Cash receipts
  - Receivables
  - Purchasing and receiving
  - General ledger
- **General Requirements**
  - Political activity
  - Civil rights
  - Cash management
  - Federal financial reports
  - Allowable costs/cost principles
- **Specific Requirements**
  - Special requirements

For all of the applicable internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

The following internal control structure categories were determined to be insignificant to federal financial assistance programs:

- **Accounting Controls**
  - Cash disbursements
  - Accounts payable
  - Payroll
  - Inventory control
  - Property, plant, and equipment
- **General Requirements**
  - Davis-Bacon Act
  - Relocation assistance and real property acquisition
  - Drug-Free Workplace Act
  - Administrative requirements, including subrecipient monitoring
- **Specific Requirements**
  - Types of services
  - Eligibility
  - Matching, level of effort, earmarking
  - Reporting

- **Claims For Advances And Reimbursements**
- **Amounts Claimed Or Used For Matching**

During the fiscal year ended December 31, 1995, the city expended 95 percent of its total federal financial assistance under major federal financial assistance program.

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to the city's major federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance. Our procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses.

This report is intended for the information of management and the mayor and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

Brian Sonntag  
State Auditor

July 26, 1996

**CITY OF WAPATO**  
**Yakima County, Washington**  
**January 1, 1995 Through December 31, 1995**

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**Status Of Prior Findings**

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The findings contained in the prior audit report were resolved as follows:

1. Public Funds Were Misappropriated And Accounting Records Were Falsified In The City Of Wapato Police Department

Resolution: *This has been corrected.*

2. Public Funds Were Misappropriated From The City Of Wapato's Treasurer's Office

Resolution: *This has been corrected.*

3. The City Should Comply With Budget Requirements

Resolution: *This has not been corrected. See Finding 3.*